

FILE COPY



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

Internal Audit Section

Carnahan Courthouse Building
1114 Market St., Room 642
St. Louis, Missouri 63101
(314) 622-4723
Fax: (314) 613-3004

DR. KENNETH M. STONE, CPA
Internal Audit Executive

December 3, 2010

Angela Pinex, Housing Analyst
UJAMAA Community Development Corporation
3033 N. Euclid Ave.
St. Louis, MO 63113

RE: Community Development Block Grant (CDBG) (Project #2010-CDA35)

Dear Ms. Pinex:

Enclosed is a report of our fiscal monitoring review of the UJAMAA Community Development Corporation, a not-for-profit organization, CDBG Program for the period January 1, 2009 through December 31, 2009. The scope of a fiscal monitoring review is less than an audit, and as such, we do not express an opinion on the financial operations of UJAMAA Community Development Corporation. Fieldwork was completed on August 26, 2010.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the Community Development Administration (CDA) to provide fiscal monitoring to all grant subrecipients.

If you have any questions, please contact the Internal Audit Section at (314) 622-4723.

Sincerely,

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Jill Claybour, Acting Executive Director, CDA
Lorna Alexander, Special Assistant for Development, CDA



CITY OF ST. LOUIS

**COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

**UJAMAA COMMUNITY DEVELOPMENT CORPORATION
CONTRACT #09-31-74 AND #09-21-93
CFDA #14.218**

FISCAL MONITORING REVIEW

JANUARY 1, 2009 THROUGH DECEMBER 31, 2009

PROJECT #2010-CDA35

DATE ISSUED: DECEMBER 3, 2010

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
UJAMAA COMMUNITY DEVELOPMENT CORPORATION
FISCAL MONITORING REVIEW
JANUARY 1, 2009 THROUGH DECEMBER 31, 2009**

TABLE OF CONTENTS

<u>Description</u>	<u>Page(s)</u>
INTRODUCTION	
Background	1
Purpose	1
Scope and Methodology	1
Exit Conference	1
Management's Responses	1
SUMMARY OF OBSERVATIONS	
Conclusion	2
Status of Prior Observations	2
A-133 Status	2
Summary of Current Observations	2
DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES	3 - 4

INTRODUCTION

Background

Contract Name: UJAMAA Community Development Corporation

Contract Numbers: 09-31-74 and 09-21-93

CFDA Number: 14.218

Contract Periods: January 1, 2009 through December 31, 2009

Contract Amounts: \$121,416 and \$420,000

These contracts provided Community Development Block Grant (CDBG) funds to UJAMAA Community Development Corporation (Agency) to combat the physical deterioration of existing housing and improve the economic well being of all residents in the Wells-Goodfellow, Mark Twain, Walnut Park, Kingsway East & West and Penrose neighborhoods. Also the Agency utilized development strategies that include increasing home ownership, removing of condemned properties, renovating and rehabilitating of vacant units, developing new units and recruiting of investment partners.

Purpose

The purpose of this fiscal monitoring review was to determine the Agency's compliance with federal, state and local Community Development Administration (CDA) requirements for the period January 1, 2009 through December 31, 2009, and make recommendations for improvements as considered necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grant administered by CDA. Evidence was tested supporting the reports the Agency submitted to CDA and other procedures were performed as considered necessary. Fieldwork was completed on August 26, 2010.

Exit Conference

The Agency was offered the opportunity for an exit conference on November 15, 2010, but the Agency declined.

Management's Responses

Management's responses to the observations and recommendations noted in the report were received on November 17, 2010, and have been incorporated into the report.

SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with federal, state and local CDA requirements.

Status of Prior Observations

This is the Agency's first fiscal monitoring review; therefore, there was no prior report.

A-133 Status

According to a letter received from the Agency, it did not expend \$500,000 or more in federal funds in its calendar year ended December 31, 2009, and was not it is not required to have an A-133 audit.

Summary of Current Observations

A recommendation was made for the following observation, which if implemented, could assist the Agency in fully complying with federal, state and local CDA requirements.

- Opportunity to complete program objectives

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

Opportunity to Complete Program Objectives

The Agency's programmatic reports as well as CDA's report following the annual programmatic visit, did not show any evidence that the Agency completed objectives 1 and 2 of contract #09-31-74.

Section B of the grant agreement requires the Agency to complete a minimum of objectives listed in a manner acceptable to CDA, in accordance with the schedule, budget and condition.

1. To identify and rehab five for sale low to moderate income housing units for income eligible buyers in the first ward
2. To develop and implement neighborhood programs within the First Ward

For objective #1, the Housing Analyst stated that the language in the contract was misleading. It should have stated "identified" instead of "rehab."

For objective #2, the Housing Analyst has stated that much of the first year was spent in the planning stage. The Agency was new and did not fully understand how to carry out this objective.

Failure to comply with all of the term and conditions of the work program of the CDBG contract agreement may result in the:

- Withholding of contract awards
- Suspension of contract
- Withholding of reimbursement or payments
- Refusal to accept a proposal
- Disqualification from eligibility to receive future CDBG funds

Recommendation

It is recommended that the Agency complete the objectives as outlined in the contract, or communicate with CDA to revise the terms and conditions of the contract.

Management's Response

Objective #1

UJAMMA has since corrected the objective language in the pending 2011 CDA work program; the 2010 contract should have read "identified" five homes instead of "rehab". As in all redevelopment projects, there are phases of activity, with construction being one of the final phases, only above occupancy. Currently, we have identified three

homes, secured design plans and predevelopment funding. We are hopeful we can obtain construction financing and begin to stabilize the units in 2011.

Objective #2

Much of the year of the organization was spent planning. We have since developed three partnerships with more experienced community organizations to assist UJAMMA in carrying –out and advancing three additional neighborhood programs.